

CHILDREN & FAMILIES COMMISSION OF FRESNO COUNTY

***Regular Meeting
September 5, 2001 - 3:00 p.m.***

***Children & Families Commission Offices
University of California Building
550 E. Shaw, Suite 215
Fresno, CA***

AGENDA ITEM NO. 1

Recommendations:

Approve Commission Minutes – August 1, 2001 Regular Meeting

MINUTES OF THE AUGUST 1, 2001 MEETING

Present: Chair Bob Waterston, Vice Chair Luisa Medina, Secretary/Treasurer Gary Carozza, Commissioners Marion Karian, Roseanne Lascano, Kathleen McIntyre, LeeAnn Parry, Oscar Sablan; Executive Director Steve Gordon; County Counsel Juliana Gmur

Absent: None

Commissioner Waterston called the meeting to order at 3:05 p.m., and a quorum was established.

1. Approval of Minutes – July 11, 2001 meeting

Commissioner Parry clarified her comments pursuant to the School Readiness presentation (p. 3, 5th paragraph, 1st sentence: “Commissioner Parry inquired how the school readiness initiative will address the education goals at the elementary level in relation to pre-school.”). By consensus, her clarifications were accepted. Commissioner Medina moved (Carozza second) that the minutes be approved as corrected. Motion carried unanimously.

Commissioner Waterston inquired how many in the audience were attending for Agenda items 3 and 4. With a majority indicating they were attending for those agenda items, Commissioner Carozza moved (Medina second) to revise the agenda as follows; motion carried unanimously:

2. Update on RFP 01-C
3. Informational Discussion on Revisions to Strategic Plan
4. Informational Discussion on Investment of Sustainability Funds
5. Public Comment

2. Update on RFP 01-C

Director Gordon presented a recap of the RFP 01-C grant application process. Forty proposals were sent to a panel of professional readers, with 29 of the proposals receiving the threshold score of 75 or better. Total potential awards for this RFP round are \$5 million; these 29 proposals have requested approximately \$10 million. In addition to score totals, a geographic overlay (Rural East/Rural West/Urban) was described in the RFP and the target populations for each proposal will be factored in to the final recommendations for funding. Staff and the team leaders for the readers will conduct

interviews on August 3 and 6 with proposers where questions were raised by the readers. Funding recommendations will be determined after interviews are completed and presented to the Commission at the September meeting for approval.

Commissioner Medina requested that the abstracts for all of the proposals sent out for evaluation are included as background information for the Commission. Commissioner Carozza requested that abstracts for all proposals from first and second rounds be sent to commissioners. Director Gordon stated that, per the RFP, all materials were returned to the 12 proposers who did not meet the initial review, and therefore are not available. A list of all proposing agencies will be furnished the Commission.

Upon public questioning, Director Gordon reviewed the criteria used to award moneys. He stated that scores are one factor, but that other factors (i.e., geographic target area) will be considered for funding of projects, and the possibility exists that proposals with lower scores will be funded over those with higher scores.

Program Operations Analyst Kendra Rogers responded to questioning regarding the criteria for interviews. She reiterated that the purpose of the interviews was to clarify questions raised by the readers and only those proposers where questions were raised are being interviewed. If there were no questions raised by the readers or the questions raised pertained to Fresno-specific information (which staff could answer), the proposers were not contacted for an interview.

3. Informational Discussion on Revisions to Strategic Plan

Executive Director Gordon presented the first draft revision to the Commission's strategic plan (Plan) for feedback from the Commission and the public. He stated that, according to the Children & Families Act, each Commission is required to annually look at their strategic plan and recommend any revisions to such. Currently, according to the county ordinance pertaining to the Commission, the strategic plan is supposed to go before the County Board of Supervisors for review and comment before it is presented to the Commission for a public hearing and adoption. Today's presentation is not a public hearing, but simply a public meeting, and the Plan, after Commission review and additional input, will be submitted to the Board of Supervisors for review and comment, then brought back to the Commission for public hearing and adoption, and ultimately forwarded to the State Children and Families Commission.

Staff has reviewed the 2000-01 Plan and presents a 2001-02 draft Plan, based on the current Plan, community input, and lessons learned. Staff recommends that the mission, vision, values, goals and objectives stay the same as approved in the 2000-01 Plan, with only some minor wording and formatting changes.

Director Gordon highlighted areas within the Plan:

Letter from the Commission: Provides an overview of where we have been and what is proposed that we do in the future. Commissioner Karian requested that "social, emotional, and language development" be added to the third paragraph, fifth line, and "emotionally" be added to the last line of the first paragraph on p. ii. Commissioner Medina commented that she felt the last sentence of the 4th paragraph, p. ii, should be revised, that we should go beyond "servicing"; that representation, involvement, and engagement of our ethnically diverse populations is discussed, and that "adequately served" is no longer acceptable. The thought to be conveyed is that we ARE engaging all these communities whole-heartedly.

"Acknowledgements" section will be expanded.

Background and Role of the Commission are reworded but convey the direction the commission has discussed. Commissioner Karian asked about the "Change Agent" paragraph, specifically the word "disenfranchised" and suggested that the word "all" be substituted. Commissioner Medina requested that the definition of "Catalyst" be expanded to include, possibly, creation, coordination and integration of programs.

Strategic Results and Goals:

The goals remain the same except Goal 11 where instead of "developing a system of transportation" the incorporation of transportation as an integral part of all grants is included. Commissioner Medina suggested that the goal be expanded to include "available, accessible, coordinated and well publicized".

The only other change was to add the word "trained" in Goal 12. Commissioner Karian suggested that the training should be stated as an on-going process, not implied as a one-time thing.

Commissioner Waterston asked whether the public has had a chance to see the draft. Director Gordon responded that this meeting was their first view. Two additional opportunities for public comment will be presented, when the Board of Supervisors reviews it and when the Commission again reviews and approves it.

Programmatic Strategies is where the strategies for awarding funds are described. Transportation, as a system and the Institute as an entity unto itself have been changed, but transportation is still a goal to be included in all grant proposals and the sections under the Institute piece are still encompassed in what we do and what is included in the overall Plan. The Institute "piece" is more specifically encompassed in the "Systems Improvement" and "Data Improvement, Evaluation and Research" areas. Specific areas for funding are not designated, as was done last year. Approximately \$19 million was granted in 2000-01 to home visitation, parent support and family resource centers (which encompasses day care), which cover three of the five areas in the 2000-01 Plan. Most of the Institute piece is being carried out, and the fifth area ("Baby Buggies" transportation system) is being implemented through a different strategy.

Funding Approaches: Staff proposes that the RFP process be continued on the goals outlined in this Plan, but that the Commission itself will also entertain ideas and directions as the needs arise throughout the year. The School Readiness initiative is one example of a "need arising", wherein a significant amount of funds will be available to the county if they are matched. Evaluation of currently funded programs is just beginning; we need to see how they are doing, how our money is being spent, and the direction those programs already funded are taking, and whether or not we want to continue in the same direction. A protocol or process will be developed for applying for Commission initiatives as well as the traditional RFP process. Commissioner Sablan asked about specifically highlighting existing gaps in the Plan. Rogers responded that because there are so many needs in Fresno County what has been funded barely touched the surface of those needs, and after looking at the data, there still appears to be gaps across the board so specific areas of "gaps" are not included. Commissioner Medina suggested that the Commission be cautious on some of the gaps identified because of the limitations on our funds, and this is where the systems integration, accountability, partnering and collaboration with other County departments and other agencies should come into play. The Commission should look at ways to leverage Prop. 10 funds, and that this element should be embodied in the Plan. Commissioner Carozza said he felt that leveraging of funds should be strongly stated in the Plan, and that our funds can be "magnified" if they are strategically targeted or strategically allocated to specific projects. This could mean partnering with other agencies who have access to funds that no one else can get, forgoing the competitive bidding process.

General Funding Criteria: Commission-developed initiatives and Community-developed initiatives allow for multiple ways of approaching problems. Commissioner Medina suggested that incorporating the language on systems integration, leveraging and magnifying dollars would make the Plan much clearer. Commissioner Karian requested a better definition of “collaborative” as used in the eighth bullet on p. 10; she would like to see something stronger, along the lines of leveraging funds.

Planning and Implementation: Next Steps: These include looking at where we have been, where we are currently, where gaps still exist, input from the community, and plans to move forward accordingly but not necessarily “jump in”. The limited resources that the Commission will have for 2001-02 and into the future means more judicious spending of the funds.

Commissioner Carozza suggested that Director Gordon return to the Commission next month with a draft document that also incorporates public comment before moving the document on to the next step. Commissioner Medina echoed Carozza’s comments, suggesting that since the Commission is not under strict time constraints, the public be invited to make comments. By consensus, the Commission agreed to open the draft plan to public comment, have staff incorporate items from today’s discussion as well as the public’s comments, and bring a revised draft to the Commission in September that could be approved by consensus and submitted for review and comment to the Board of Supervisors.

Commissioner Parry asked if there was a specific reason only “intervention”, and not “prevention”, was included in #2 of Next Steps (p. 12); she suggested that both preventive and interventive practices be included.

Public Comment on Draft Strategic Plan:

Roger Palomino, Fresno County EOC, commented that he felt the Institute as a separate entity should not be removed from the plan, that “school readiness” would never succeed because it was too political, that funds for the “school readiness” program would come to low performing schools whether or not additional moneys were offered to leverage programs.

Rogers asked for clarification on the next step the Commission would like staff to take. Commissioner Medina responded that staff should set a time frame for receiving comments on the initial draft, incorporating (or not) those comments (with explanations either way), bringing it back to the Commission in September for additional Commissioner comment, initial approval from the Commission, and release to the public for additional comment. The official public hearing will take place after the review and comment by the Board of Supervisors.

4. Informational discussion on Investment of Sustainability Funds

Director Gordon opened the discussion by stating that since the Commission does not currently have an investment policy, as part of the process of establishing such policy, he invited four major financial institutions to present strategies for investment of the proposed \$6 million set aside for the sustainability fund. All funds, except operating funds, currently are invested through the County Trust Fund. Each financial institution has been asked for strategies that are equal in safety to the County Trust Fund for the principal but allow a greater rate of return on the principal. Bobbi Armandi, representing the County of Fresno, was present to answer questions concerning the County Trust Fund in addition to representatives from Wells Fargo, Bank of America and United California Bank; Union Bank was unable to be present but sent information on their presentation for distribution.

Commissioner Medina asked for clarification on the intent of the presentations. Director Gordon responded that part of the intent is to form policy on what we are going to do with the Sustainability Funds (SF), whether we are going to venture out of the County Trust or leave the SF with the County Trust Fund.

Wells Fargo (W-F): William Bopp (Investment Manager), Bruce Harr (Portfolio Manager), and Roger Nord make up the Investment Team at Wells Fargo. Bopp stated that Wells Fargo is currently handling the operations account of approximately \$5 million, invested in money market funds (\$2 million) and mutual funds (\$3 million). W-F is committed to local portfolio management. Harr suggested that a long-term investment plan should be adopted before any investments are made. He stated that if it was necessary to abide by state code 53601, there is a limited amount that can be done. There are two good choices on the public side, the county pool and the Local Agency Fund (LAIF). He suggested thinking "out of the box" and looking toward investment policy that is patterned more after a private foundation. He cited the CSU-Fresno Foundation and the State Center Community College District Endowment Fund as good examples of "private foundation-like" investment plans. W-F offered their staff time, knowledge and experience to develop policy, and bring examples of other state agencies and how they are investing their "legacy" funds.

Commissioner Carozza asked legal counsel if the Commission was allowed to set up a foundation outside of or parallel to our treasury. Counsel responded she would have to research that. Director Gordon stated that there are some counties that have done this, and that there was nothing to prohibit doing it within the Children and Families Act.

Director Gordon reiterated that the proposal is not to remove all Commission funds from the County Fund, but merely a small portion. The bulk of the annual revenue received would remain within the County Fund. Now, the Commission cannot dictate where Prop. 10 funds are invested as they are pooled with all County funds. Commissioner Carozza stated that the County offers the Commission a high rate of return over a short period of time with pooled resources that keeps us liquid, and gives us a great rate of return on our operational cash. What we're talking about now is to set aside a fixed amount of money, outside of our hands, that will spin off "X" number of dollars, but the principal will not be available for us to make decisions about, and, the principal will not be guaranteed.

Bank of America (BoFA): Patrick Helmholz stated that he felt the County Fund was the right place to be for all Commission funds except those that will not be used for a four to five year period. He suggested that \$2-3 million could be set aside in longer term, fixed income investments within state code but still under Commission control and direction. BoFA's primary business is fixed income, self-directed, the process where you bid by phone against other market makers, possibly Wells, maybe Sanwa or others, probably at least three offers on any security you buy, you know what you own, and there are no fees attached to the business done. He advised (1) adopting an investment policy, (2) determine the amount of money to be set aside long-term, and (3) determine a benchmark against which decisions to invest will be made (could be the projected rate of return on the County Fund over 3-5 years).

Commissioner Carozza asked about fees. Helmholz responded that the broker/dealer community on a self-directed basis does not charge a transaction fee. They hope to make their income on bid/offer spreads, from what they buy and what they sell. Commissioner Carozza asked Armandi what types of forecast the county gets. She responded that each quarter the County forecasts for the next several quarters, but not as far out as 5 years.

United California Bank (UCB): Danny Clemmensen, Chris Roupp, and Ken Powell. UCB recommends establishment of internal investment policies, utilization professional money managers, establishment of investment management account with UCB, and moving operational funds from W-F to UCB. Clemmensen focused on the finance market, including risk vs. return, an outline of types of investment vehicles vs. risk (government bonds, bank deposits, municipal bonds, corporate bonds, high-yield bonds, non-investment grade bonds, mutual funds, etc.), and preservation of capital assets (principal). UCB will assist the Commission in writing an investment policy, establish internal conflict of interest policy to make sure no Commissioner is in conflict with something that is being purchased, and help obtain control of Commission funds from the County. There are two ways to enhance yield: take more risk in investments and be more cost-effective in purchase of investments; the latter is the method

recommended by UCB. UCB advocates active management of bond portfolios. To design, purchase and create a portfolio, UCB will charge 40 basis points (bp) plus 15 bp as a management fee, paid up-front, quarterly or annually.

Discussion: Commissioner Waterston questioned Armandi about how conservative the County of Fresno is in their investments, vs. investments in the private sector. She stated that the County is a "passive" investor; they do not buy and sell to make profit. Fresno County consistently ranks in the top 10 among counties in the rate of return received on county investments.

Bopp (W-F) commented that he felt the overall issue was whether the Commission would stay with fixed income vehicles or look at equities three to five years out, not who could provide 1% more in return. "Do you want to grow, or take the risk to grow?"

Carozza stated that he feels the Commission must decide, as a group, if it would like to preserve a certain amount of money outside of the County's investment pool and take a certain risk with those funds to increase or grow that money over a longer period of time. At the same time, there is the risk of losing that money.

On the issue of liquidity, Armandi (Fresno County) stated approximately 24 hr. notice. Bopp (W-F) also said he expected next day liquidity. Helmholtz (BofA) said one could expect 3-4 day liquidity on qualified investments, for agency cash, probably same day. Clemmensen (UCB) stated there would be overnight liquidity on most bonds.

As a user of the County Fund (through Sanger Unified), Commissioner Lascano went on the record to commend the job Fresno County does with rate of return on the County Fund.

Commissioner Waterston stated that the County has historically been extremely conservative on investments and because of that, the drawback is that you might not make as much money as you would have if a different approach had been utilized. He said that in comparing Fresno to other counties, their rate of return is not always the highest, which means that a lot of money is lost because of the conservativeness of the investments.

Commissioner Parry expressed her concerns about a Commission of this nature not having some control over what kinds of investments are made, what kind of activities are going on that make the money, etc., and that investment policy really needs to be consistent with our values and goals. She asked whether this would be a limiting factor that would reduce the possibility of being able to earn higher returns. Bopp (W-F) responded that it was possible that investment policy could limit higher returns. Commissioner Carozza suggested it goes beyond policy, that there may be companies or investments in which we may not wish to participate, e.g., tobacco, benefiting from products produced by small children in other parts of the world, etc. Clemmensen (UCB) stated that that emphasizes the need to customize the portfolio. Helmholtz (UCB) stated that there is sufficient diversity in the market to give one the kind of investment-grade quality from any industry sectors in which one wants to invest.

Commissioner Carozza stated he sees the next real step for the Commission is to come back with some investment strategy, develop something that can be used as a blueprint, getting answers from County Counsel regarding the ability to set up foundations, etc., and we have to be a little clearer about where we want to go with that strategy.

Director Gordon distributed the information furnished by Union Bank.

5. Public Comment

Tony Silva, Associate Director, I-5 Social Services, requested that the Commission consider I-5 Social Services for any excess money in the RFP for those successful state applications under MB-028 and MB-029 for child care and preschool facilities which are due August 17. Under the Commission's RFP, each application is limited to \$500,000. Through the state application, I-5 has received funding for four

sites in Fresno County (Firebaugh, Mendota, Del Rey, Selma). Should there be any moneys beyond the \$500,000 cap for each application in the total allocated by the Commission, I-5 would like the Commission to consider additional funding (above the \$500,000 cap of the RFP) to applicants having multiple sites to service.

Sara Hebblethwaite, Spirit of Woman, made comments on the Strategic Plan. She stated she felt that defining "collaboration" as used in the Strategic Plan is extremely important. She also asked what role the Commission might play as Catalyst or Change Agent for the transportation system that is already in place and not currently meeting need or supplanting other systems.

Commissioner Waterston thanked her for her comments on transportation, and stated he plans to bring that issue to the Board of Supervisors as well as the Commission for discussion. He stated he sees the failure of many programs as the issue transportation, not the program itself: getting people to the right place at the right time. Commissioner Parry commented that a lot of the issue has to do with people needing transportation not at the time it is available (i.e., evening or weekend hours), which is something that needs to be articulated more clearly in the Strategic Plan. Commissioner Medina stated that Fresno County is in fact looking at terminating some of their extended hours, especially in rural communities, based upon an evaluation report that was done. She sees a role of the Commission as being a catalyst, facilitator, etc., to provide testimony or finding mechanisms that make the transportation services available and accessible when people need them. Waterston stated that he would like to see the Commission focus on transportation as an issue and get the principals together to discuss solutions.

Commissioner Carozza thanked the financial institutions for their presentations.

Adjournment: Commissioner Carozza (Medina second) moved to adjourn the meeting at 5:05 p.m. Motion carried unanimously.